

Message Text

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ACTION IO-13

INFO OCT-01 EUR-25 ADP-00 EB-11 AID-20 AF-10 ARA-11 EA-11

NEA-10 RSC-01 SS-15 NSC-10 L-03 H-02 PA-03 PRS-01

USIE-00 SSO-00 NSCE-00 CIAE-00 INR-10 NSAE-00 INRE-00

IOE-00 COME-00 SIL-01 LAB-06 STR-08 FRB-02 TRSE-00

RSR-01 /175 W

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O R 141127 Z MAY 73

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 8830

INFO USMISSION USUN

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EO 11652: N/A

TAGS: AORG EAID UNIDO US OCON

SUBJECT: UNIDO - IDB- VII REPORT OF EXPERTS ON LONG RANGE
STRATEGY

SUMMARY: FOLLOWING IS STATUS REPORT ON FOLLOW- UP BY IDB- VII
TO EXPERTS REPORT ON LONG TERM STRATEGY AND US DEL'S OB-
SERVATIONS AND RECOMMENDATIONS THEREON. END SUMMARY.

1. PLENARY DEBATE ON EXPERTS STRATEGY REPORT ENDED EVENING
MAY 11. WIDE SUPPORT FOR IMPLEMENTATION OF EXPERTS
RECOMMENDATIONS
WAS COUNTER- BALANCED TO SOME EXTENT BY POSITION OTHER DELS
(INCLUDING US) THAT REPORT FAILED TO PRODUCE A GENUINE UNIDO
STRATEGY ON WHICH MORE WORK REMAINED TO BE DONE. IDB HAD BE-
FORE IT GROUP OF 77 DRAFT RESOLUTION, SPONSORED BY 21 COUNTRIES,
WHICH WOULD

(A) NOTE EXPERTS REPORT WITH SATISFACTION AND CONSIDER IT TO
BE " USEFUL STEP IN THE FORMULATION OF A LONG RANGE STRATEGY
FOR UNIDO"

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(B) ESTABLISH IN VIENNA AN AD HOC COMMITTEE OF 20 BOARD MEMBERS TO, (1) EXAMINE, IN CONTACT WITH THE EXECUTIVE DIRECTOR, THE FEASIBILITY OF IMPLEMENTING THE RECOMMENDATIONS OF THE EXPERTS AND (2) ASSIST THE IDB " IN FURTHER CONSIDERING THE FORMULATION OF THE LONG RANGE STRATEGY FOR UNIDO"

(C) REQUEST THE EXECUTIVE DIRECTOR TO MAKE PROVISION OF ADEQUATE FUNDS FOR THE FUNCTIONING OF THE COMMITTEE

(D) HAVE THE COMMITTEE SUBMIT ITS REPORT AND RECOMMENDATIONS TO IDB- VIII

(E) TRANSMIT THE EXPERT REPORT TO 28 TH GA THROUGH ECOSOC.

2. DURING PRECEDING THREE WEEK PERIOD OF PC- II AND IDB- VII US DEL HAD DISCUSSED WIDELY AMONG LDCS AND AT LENGTH IN GROUP B ARRANGEMENTS AND FOLLOW- UP TO EXPERTS REPORT DESIGNED TO ASSURE MORE EFFECTIVE EFFORT TO DEFINITE STRATEGY FOR UNIDO. HOWEVER, ALTHOUGH US APPROACHES EVOKED CONSIDERABLE INTEREST, BECAME CLEAR, PARTICULARLY AFTER INTENSIVE GROUP B DISCUSSION EVENING MAY 11, THAT MOST COUNTRIES NOT PREPARED UNDERTAKE KIND OF EXERCISE AND GIVE AN INTERSESSIONAL GROUP THE EXPLICIT AUTHORITIES ENVISAGED IN US POSITION PAPER ON THIS SUBJECT. ALSO, MANY GROUP B COUNTRIES RELUCTANT MAKE EXPLICIT NEED FOR REORDERING UNIDO AND/ OR UN PRIORITIES IN ORDER TO FINANCE THE EXERCISE, ON THE GROUND THAT SUCH ATTEMPT WAS UNREALISTIC GIVEN KNOWN ATTITUDES OF MOST OF GROUP OF 77 AND OF GROUP D. IN THIS SITUATION MOVE BY US DEL TO INCORPORATE THESE ELEMENTS INTO GROUP OF 77 DRAFT RESOLUTION WAS ABANDONED.

3. AT CONCLUSION PLENARY DEBATE THIS ITEM PRESIDENT REFERRED GROUP OF 77 RESOLUTION TO CONTACT GROUP FOR EXAMINATION IN LIGHT OF SUGGESTIONS MADE DURING BOARD DISCUSSION. AT END OF ALL NIGHT INTERGROUP NEGOTIATIONS MAY 11/12, GROUP OF 77 RESOLUTION EMERGED AMENDED AS FOLLOWS:

A(A) AD HOC COMMITTEE WOULD CONSIST OF 27 BOARD MEMBERS REFLECTING GEOGRAPHIC DISTRIBUTION IN IDB. THIS NUMBER REPRESENTS COMPROMISE DEBATED AT GREAT LENGTH BETWEEN GROUP OF 77 INSISTENCE THAT THE TOTAL OF THEIR REPRESENTATION ON ANY INTERSESSIONAL GROUP MUST BE DIVISIBLE BY THREE AND GROUP B POSITION THAT GEOGRAPHIC DISTRIBUTION FORMULA MUST BE THE SAME AS THAT IN IDB, I. E. 5-3-1. SOVIET GROUP FINALLY ALSO INSISTED ON THREE MEMBERS FOR GROUP D. OPEN- ENDED GROUP FAVORED BY LIMITED OFFICIAL USE

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SOME WAS FLATLY OPPOSED BY AFRICAN GROUP MOST OF WHICH ARGUED THAT UNDER SUCH ARRANGEMENT WOULD BE DIFFICULT FOR THEM TO OBTAIN NECESSARY TRAVEL AUTHORIZATIONS FROM THEIR CAPITALS TO ATTEND MEETINGS IN VIENNA.

(B) AD HOC COMMITTEE WOULD EXAMINE " POSSIBILITIES, WAYS AND MEANS" OF IMPLEMENTING EXPERTS RECOMMENDATIONS AND WOULD ASSIST

IDB IN FURTHER FORMULATION OF LONG TERM STRATEGY. THIS LANGUAGE WAS THE OUTCOME OF A THREE- HOUR STRUGGLE BETWEEN THE SOVIET UNION WHICH INSISTED THAT AS FAR AS EXPERTS' RECOMMENDATIONS WERE CONCERNED ONLY JOB OF AD HOC COMMITTEE SHOULD BE TO CONSIDER "WAYS AND MEANS" OF IMPLEMENTATION AND BRAZILIAN POSITION THAT ENTIRE JOB OF DEFINING UNIDO STRATEGY STILL REMAINED TO BE DONE.

(C) AD HOC COMMITTEE AUTHORIZED USE CONSULTANTS SERVICES AND DRAW ON OTHER UN ORGANS.

(D) REQUEST FOR FUNDING AD HOC COMMITTEE NOW ADDRESSED TO SYG.

4. UNDERSTANDING IS THAT, IF RESOLUTION APPROVED BY PLENARY, GEOGRAPHIC GROUPS WOULD NAME COUNTRIES FROM THEIR GROUPS TO CONSTITUTE AD HOC COMMITTEE. COMPOSITION TO BE ANNOUNCED BY IDB PRESIDENT FOLLOWING ADOPTION OF RESOLUTION. UNDER FORMULA INDICATED ABOVE GROUP B WOULD NAME NINE MEMBERS.

5. THUS, PROSPECTIVE OUTCOME IS ESTABLISHMENT OF ...

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ACTION IO-13

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MACHINERY WHICH ALTHOUGH SUBSTANTIALLY SMALLER IN SIZE THAT IDB IS STILL RELATIVELY LARGE AND WHICH IS GIVEN ONLY UNTIL SPRING 1974 TO CARRY OUT BORAD INSTRUCTIONS, WHILE LACKING EXPLICIT AUTHORITIES AND MANDATES TO SECRETARIAT WHICH IS US VIEW NECESSARY IF JOB OF DEFINING STRATEGY TO BE WELL DONE. ALSO, PROPOSED RESO-

LUTION CARRIES NO INDICATION OF HOW COMMITTEE IS TO BE FINANCED (BARBOSA, CHIEF FINANCIAL SERVICES, NOTED DURING CONTACT GROUP DISCUSSIONS THAT UNIDO ALREADY \$1 MILLION IN DEFICIT ON 1973 BUDGET BECAUSE OF DOLLAR DEVALUATION AND THAT IMPOSSIBLE AT THIS TIME CALCULATE PRECISE FINANCIAL IMPLICATIONS OF INTERSESSIONAL GROUP.) IN ADDITION, DEBATE ON EXPERTS' REPORT AND INFORMAL DISCUSSIONS INDICATE PRIMARY INTEREST IN AD HOC COMMITTEE MAY WELL BE IMPLEMENTATION OF EXPERTS' RECOMMENDATIONS.

6. HOWEVER, US DEL BELIEVES THAT AD HOC COMMITTEE NEVERTHELESS OFFERS POTENTIALLY VALUABLE FORUM FOR, (A) EXPOSITION OF US VIEWS ON UNIDO PRIORITIES AND NEED FOR OTHER CHANGES IN DIRECTION AND ADMINISTRATION OF UNIDO RESOURCES AND (B) PROVOKING USEFUL DIALOGUE ON THESE AND OTHER ISSUES CONCERNING UNIDO ACTIVITIES IN THE FIELD OF INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES. QUESTION LIMITED OFFICIAL USE
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IS WHETHER US PREPARED COMMIT TIME AND EFFORT TO MAKE USE OF THIS OPPORTUNITY. AS WE SEE IT WOULD REQUIRE INITIALLY PREPARATION OF APPROPRIATE PAPER WHICH WOULD SERVE AS VEHICLE FOR TRANSMISSION TO AD HOC COMMITTEE OF US VIEWS CONCERNING (Q) ABOVE. WE BELIEVE SUCH INVESTMENT WOULD BE WORTHWHILE AND WOULD PROVIDE NECESSARY CONCRETE BASIS FOR ENCOURAGING MUCH NEEDED INTERGOVERNMENTAL DISCUSSION OF UNIDO PRIORITIES. WITHOUT SUCH PAPER BELIEVE CONTINUED GENERAL EXPRESSIONS OF CRITICAL VIEWS ON THIS SUBJECT BY US UNLIKELY BE TAKEN SERIOUSLY. WHILE WE CANNOT BE CERTAIN WHAT RESPONSE OF AD HOC COMMITTEE MEMBERS WILL BE AND HOW FAR WE CAN MOVE THEM IN DIRECTION OF US VIEWS, THIS QUESTION WOULD IN ANY CASE REMAIN WHATEVER INTERSESSIONAL MACHINERY WERE ESTABLISHED.

7. US DEL HAS CONSIDERED AT LENGTH ALTERNATIVES OF (Q) SERVING ON AD HOC COMMITTEE AND (B) CONFINING OURSELVES TO OBSERVER ROLE. OUR VIEW IS THAT IF US PREPARED MAKE INPUT TO COMMITTEE WORK AS SUGGESTED ABOVE, US INTERESTS BEST SERVED BY FULLY PARTICIPATING. OUR PRESENCE ON COMMITTEE WOULD HELP INSURE DIALOGUE NOT OTHERWISE LIKELY.

8. SINCE PLENARY MUST ACT ON DRAFT RESOLUTION NO LATER THAN MAY 15 AND MAY TAKEUP CONTACT GROUP REPORT IN NIGHT SESSION TODAY, US DEL REQUIRED IMMEDIATE GUIDANCE FROM DEPARTMENT.

9. IN SUMMARY, WOULD DEPARTMENT AGREE TO FOLLOWING:

(A) ASSUMING DRAFT RESOLUTION COMMANDS CONSENSUS IN PLENARY, US DEL WOULD STATE THAT, WHILE TERMS OF REFERENCE OF AD HOC COMMITTEE GENERALLY ACCEPTABLE TO IT, IT WOULD HAVE STRONGLY PREFERRED TYPE OF INTERSESSIONAL MACHINERY INDICATED IN US INTERVENTIONS. HOWEVER, US WILL NOT STAND IN WAY OF CONSENSUS;

(B) US DEL WOULD RESERVE ON QUESTION HOW AD HOC COMMITTEE WOULD BE FINANCED, SPECIFICALLY ON QUESTION WHETHER SYG SHOULD REQUEST SUPPLEMENTAL APPROPRIATION FOR THIS PURPOSE FROM 28 TH GA,

(C) US DEL WOULD INDICATE ITS WILLINGNESS COOPERATE FULLY WITH AD HOC COMMITTEE, (THIS MEANS WE WOULD AGREE TO INCLUSION OF US IN GROUP B LIST OF COUNTRIES TO BE COMMITTEE MEMBERS),

(D) US DEL WOULD STATE THAT IT WOULD EXPECT AND PRESS FOR SECRE-
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TARIAT TO PROVIDE NECESSARY SUPPORT TO AD HOC COMMITTEE. STIBRAVY

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